



Reasons to consider life cover

Life cover is the simple answer to some difficult questions:

- ◆ How will my family survive if I'm not around to take care of them?
- ◆ How will my spouse settle the debts I leave behind like the mortgage on our home?
- ◆ How will my family pay for daily living expenses, healthcare and education if I am not around?

Life cover protects the people who depend on you financially by providing them with an income to replace yours when you die. With the help of a professional financial advisor, you can decide how much life cover you need and how to work this into your budget. Essentially, it's a tool that's designed to ensure that your loved ones can continue to live according to the standards you always provided, even after you're gone

Although this sounds simple, there are lots of factors to consider when deciding whether you need life cover, how much you need and what you can afford. Maybe you have a growing family with many dependants, a recent change to your standard of living or increase in debts, children moving out of home, a big career move or maybe you're self-employed with business financial obligations that will need to be settled if something happens to you. Given its important role, it's no wonder that life insurance is considered a cornerstone of financial planning. This is why choosing life cover is a task best navigated with the guidance of a professional financial advisor.

"A qualified financial advisor will take a look at your needs and design a financial plan to suit your unique circumstances. This isn't something that can happen in just one conversation. Just as your life evolves and circumstances change, so too does your financial plan need to adjust to those life changes. Ideally, you should be meeting with your financial advisor once a year, or at least when you experience a significant lifestyle change. An experienced financial advisor will help you choose the best insurance for your particular situation, compare prices across different insurers and calculate the right amount of cover for your needs," explains Ryan.

So, while you're scheduling that all important conversation with your financial advisor, Cube Advice provides these handy insights into what life cover is all about:

- ◆ **Do you need life insurance?** The simple answer is, if anyone relies on you financially, you need life cover. It could be anyone. If someone is going to suffer financially if you are no longer around, you need life cover.
- ◆ **Life insurance is not designed to make your beneficiaries rich.** Life cover is not about providing a winning lotto ticket to your loved ones, it's about making sure that their financial situation doesn't suffer when you pass away and that they can maintain their lifestyle.
- ◆ **How much cover do I need?** How much life insurance you need involves two major factors: how much will it cost to pay your debts and how much will your dependants need to maintain their current lifestyle after you're death.
- ◆ **Take care of inflation and rising living costs.** Remember that a life policy pays out on death only and that could be anywhere from 1 to 80 years away, so your life cover should increase over time. A R1 million pay-out may seem enormous today but, 20 years down the line, it will be worth a great deal less after adjusting for inflation.
- ◆ **Does life cover always pay a lump sum?** Life cover that pays a lump sum will help your beneficiaries with the immediate expenses they face following your death, but what about the months or even years after that? That's where an income death benefit fits in. It makes monthly payments to your beneficiaries to help them cope financially without you. It's useful if your beneficiaries don't have the knowledge and experience to manage a large lump sum in such a way that it will provide for them in the years that follow your death.



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